

ORDINANCE NO. 2012-6

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NORTH MIAMI BEACH, FLORIDA AMENDING SECTION 2, PARAGRAPH 9, OF ORDINANCE 2006-6 LOWERING THE INTEREST RATE ON EACH MEMBER'S DROP ACCOUNT FROM 6.5% COMPOUNDED MONTHLY TO 3% COMPOUNDED MONTHLY; PROVIDING FOR A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on April 4, 2006, the Mayor and City Council adopted on second reading the creation of a Deferred Retirement Option Program ("DROP") for the City of North Miami Beach Retirement Plan that covers the City's general employees; and

WHEREAS, as a condition of the DROP, each member's DROP account was to be credited with interest at the rate of 6.5% compounded monthly; and

WHEREAS, the General Employees Retirement Plan ("Plan") provides that the interest rate of the DROP account may be changed from time to time by the Retirement Committee; and

WHEREAS, a majority of Plan participants had approved by referendum that the interest rate on DROP accounts would be subject to change periodically; and

WHEREAS, at the regularly-scheduled General Employees Pension Meeting on February 16, 2012, the Retirement Committee (Board of Trustees), after reviewing the investment performance of the Plan's investment portfolio in which the DROP account assets are invested and after conferring with the Plan's investment consultant, voted to reduce the interest rate on each member's DROP account; and

WHEREAS, at the February 16, 2012 General Employees Pension Meeting, the Board of Trustees further agreed to review the rate of interest on a yearly basis and to determine at that time what the appropriate rate should be; and

ORDINANCE NO. 2012-6

WHEREAS, at the May 3, 2012 General Employees Pension Meeting, the Board of Trustees reviewed their decision of February 16, 2012 to reduce the interest on DROP accounts, and again voted to reduce the rate of interest from 6.5% to 3.0%, effective July 1, 2012, on all current and future DROP accounts; and

WHEREAS, this Ordinance was approved unanimously by the Mayor and City Council at its March 6, 2012 meeting; however, it was pulled prior to the second reading of March 20, 2012; and

WHEREAS, the Mayor and City Council recommend that the Board of Trustees' vote to reduce the interest rate of DROP accounts from 6.5% compounded monthly to 3% compounded monthly be adopted.

NOW, THEREFORE,

BE IT ORDAINED by the City Council of the City of North Miami Beach, Florida.

Section 1. The foregoing recitals are true and correct.

Section 2. Section 2, Paragraph 9 of Ordinance No. 2006-6 is hereby amended as follows:

9. The DROP account is a bookkeeping account within the Fund. The money that is credited to a member's DROP account will be commingled with all other monies in the Fund. Each member's DROP account will be credited with interest at the rate of 6.5% through June 30, 2012, and reduced to 3.0% effective July 1, 2012, compounded monthly. The amount may be changed from time to time by the Retirement Committee. Any change will be prospective only. The interest credited to the DROP account may never be greater than the investment return actuarial assumption.

Section 3. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 4. If any section, subsection, clause or provision of this ordinance is held invalid, the remainder shall not be affected by such invalidity.

Section 5. It is the intention of the City Council of the City of North Miami Beach and it is hereby ordained that the provisions of this Ordinance shall become and be made a part of the Code of Ordinances of the City of North Miami Beach, Florida. The Sections of this Ordinance may be renumbered or relettered to accomplish this intention and the word "Ordinance" may be changed to "Section", "Article" or other appropriate word as the codifier may deem fit.

Section 6. This Ordinance shall take effect July 1, 2012.

APPROVED BY TITLE ONLY on first reading this **15th day of May, 2012.**

APPROVED AND ADOPTED on second reading this **5th day of June, 2012.**

ATTEST:



PAMELA L. LATIMORE
CITY CLERK



GEORGE VALLEJO
MAYOR

APPROVED AS TO FORM



DARCEE S. SIEGEL
CITY ATTORNEY

Sponsored by: Mayor & City Council